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Casey Said to Have Offered North \$1 Million of His Own for Contras

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By **FOX BUTTERFIELD**

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WASHINGTON, May 13 — Lieut. Col. Oliver L. North reported that William J. Casey, the former Director of Central Intelligence, once volunteered to give \$1 million of his own money to the Nicaraguan rebels, Robert C. McFarlane testified today.

Mr. McFarlane, a former national security adviser to President Reagan, said Colonel North had related the offer to him in a joking fashion. Mr. McFarlane said that he was not sure whether to believe it, but that the comment "was expressive of a relationship that surprised me" between Colonel North and Mr. Casey.

Indeed, Mr. McFarlane said in testimony today, he has begun to believe that Colonel North may actually have been working for the Central Intelligence Agency. Colonel North was a close friend of Mr. McFarlane and served as one of his deputies on the National Security Council.

Question by Senator

Mr. McFarlane made his disclosure in response to a question from Senator William S. Cohen, Republican of Maine.

"Can I ask you, whether you ever suspected that Oliver North was taking instructions, not from you, but from the D.C.I.?" Senator Cohen asked, referring to the Director of Central Intelligence.

"Yes, sir," Mr. McFarlane replied.

Asked why he suspected Colonel North was working for the C.I.A., Mr. McFarlane said, "I became aware in the fall of 1985 that Ollie had more contacts with the Director than I had realized."

Mr. McFarlane said he had been particularly struck that Mr. Casey had mentioned the \$1 million offer to Colonel North, who was the chief Administration fund-raiser for the contras.

Senator Warren B. Rudman, Republican of New Hampshire and vice chairman of the Senate committee, said Mr. McFarlane's suggestion that Colonel North might have worked for Mr. Casey "was the most interesting answer of the day."

Senator Rudman said he and Senator Cohen had agreed to question Mr.

McFarlane about the relationship "because of information we have." He declined to say what the information was.

As a further indication that Colonel North enjoyed a special tie to Mr. Casey, Senator Cohen noted that the committees had evidence that the C.I.A. station chief in Costa Rica had been ordered to "report to North."

Mr. McFarlane's suggestion about Colonel North's link to Mr. Casey cast new light on one of the major puzzles of the Iran-contra affair — how a relatively junior official like Colonel North was able to wield so much authority.

Senator David L. Boren, Democrat of Oklahoma, said he believed Colonel North was not working for Mr. Casey but instead had turned to Mr. Casey when Mr. McFarlane had placed limits on his activities to aid the contras.

"He was not Mr. Casey's agent, but used Casey as a way to get around Mr. McFarlane," said Senator Boren, who is also chairman of the Senate Intelligence Committee.